

HOUSE BILL 2178

By Hazlewood

AN ACT to amend Tennessee Code Annotated, Section 7-82-401 and Section 68-221-1010, relative to utilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-401(g)(3), is amended by deleting the subdivision and substituting instead the following:

(3) For the purposes of this chapter, "financially distressed utility district" means a utility district, and its system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants, capital contributions, or excluded non-cash items. For purposes of this section, "change in net position" means total revenues less all grants, capital contributions, and expenses, but without reduction for any excluded non-cash items. For purposes of this section, "excluded non-cash items" means any non-cash charges arising from changes to or the implementation of pension and other post-employment benefit standards promulgated by the governmental accounting standards board.

SECTION 2. Tennessee Code Annotated, Section 68-221-1010(a)(1), is amended by deleting the subdivision and substituting instead the following:

(1) Within sixty (60) days from the time that an audit of a water system or wastewater facility is filed with the comptroller of the treasury, the comptroller of the treasury shall file with the board the audited annual financial report of any water system or wastewater facility that has a deficit total net position in any one (1) year, has a negative change in net position for two (2) consecutive years, or is currently in default on

any of its debt instruments. For purposes of this section, "change in net position" means total revenues less all grants, capital contributions, and expenses, but without reduction for any excluded non-cash items. For purposes of this section, "excluded non-cash items" means any non-cash charges arising from changes to or the implementation of pension and other post-employment benefit standards promulgated by the governmental accounting standards board.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.